

Message Text

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ACTION AF-10

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O 031120Z MAY 77
FM AMEMBASSY PORT LOUIS
TO SECSTATE WASHDC IMMEDIATE 6678

UNCLAS SECTION 1 OF 2 PORT LOUIS 0473

FOR ROBERT DUNCAN - AF/EPS

E.O. 11652: N/A
TAGS: AF EFIN EAID AFDB AFDF
SUBJECT: AMBASSADOR BOLEN'S SPEECH TO THE AFRICAN DEVELOPMENT
FUND/BANK ANNUAL MEETING

THE FOLLOWING IS STATEMENT OF AMBASSADOR BOLEN PRESENTED
BEFORE THE ANNUAL MEETING OF THE AFRICAN DEVELOPMENT
BANK AND THE AFRICAN DEVELOPMENT FUND MAY 3, 1977. PLEASE
SEE THAT EDITORIAL CHANGES ARE PASSED ON TO VOA WIRELESS
FILE BEFORE RELEASE. STATEMENT MAY BE RELEASED OPENING OF
BUSINESS MAY 3 YOUR TIME.

BEGIN TEXT:

MR. CHARIMAN, DISTRIGUISHED GOVERNORS, LADIES AND
GENTLEMEN.

I AM HONORED TO REPRESENT THE UNITED STATES AT THE
FIRST ANNUAL MEETING OF THE AFRICAN DEVELOPMENT FUND IN
WHICH WE ARE PARTICIPATING AS A FULL FLEDGED MEMBER OF THE
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FUND. I WISH TO EXPRESS APPRECIATION FOR THE WARM WORDS OF WELCOME BY
THE DISTINGUISHED GOVERNORS TO THE UNITED STATES ACCESSION TO THE
FUND. I AM PLEASED TO BRING WARM GREETINGS FROM PRESIDENT CARTER AND
FROM THE U.S. GOVERNOR OF THE AFRICAN DEVELOPMENT FUND, SECRETARY
OF THE TREASURY BLUMENTHAL.

I WANT TO THANK THE GOVERNMENT OF MAURITIUS FOR

HOSTING THIS MEETING, FOR MAKING THESE FINE FACILITIES AVAILABLE AND FOR ITS EXTRAORDINARY HOSPITALITY.

WE MEET AT A TIME WHEN THE WORLD ECONOMY IS RECOVERING FROM THE WORLD RECESSION OF 1974/75. WE EXPECT 1977 WILL BE THE SECOND CONSECUTIVE YEAR OF SOLID, SUSTAINABLE REAL GROWTH, ALTHOUGH GROWTH IN THE INDUSTRIALIZED COUNTRIES IS EXPECTED TO BE SOMEWHAT SLOWER THAN IN 1976.

THE UNITED STATES ACCEPTS THE PRINCIPLE THAT THE STRONGEST COUNTRIES HAVE AN INTERNATIONAL RESPONSIBILITY TO PROVIDE A STIMULUS TO WORLD ECONOMY. WE HAVE BEEN URGING INDUSTRIALIZED COUNTRIES WITH STRONG ECONOMIES TO ADOPT POLICIES AIMED AT ACCELERATING THEIR GROWTH RATES AS FAST AS IS COMPATIBLE WITH CONTROLLING INFLATION. WE HAVE ARGUED THAT ACCELERATED GROWTH RATES IN THE MAJOR INDUSTRIALIZED COUNTRIES MUST BE SPURRED BY INCREASED DOMESTIC DEMAND RATHER THAN BY RELIANCE ON EXPORT-LED GROWTH. IF THIS OCCURS, THESE COUNTRIES SHOULD PROVIDE GROWING EXPORT MARKETS FOR OTHER COUNTRIES, PARTICULARLY FOR PRODUCERS OF RAW MATERIALS AND OTHER BASIC COMMODITIES. WORLD TRADE IN 1977 IS EXPECTED TO GROW AT ABOUT 7-8 PERCENT -- ROUGHLY THE AVERAGE RATE OF THE 1960S. SUCH GROWTH, COMING ON TOP OF AN INCREASE OF 11-12 PERCENT IN 1976, WILL HELP EXPAND THE GROWTH OF EXPORTS OF NON-OIL PRODUCING DEVELOPING COUNTRIES--PERHAPS AS HIGH AS 15-16 PERCENT IN VALUE TERMS.

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IN SPITE OF THESE GOOD SIGNS, INFLATION CONTIEUES TO POSE SUBSTANTIAL PROBLEMS FOR THE WORLD ECONOMY. INFLATION RATES IN SOME INDUSTRIALIZED COUNTRIES IN 1977 ARE EXPECTED TO RANGE UP TO 20 PERCENT, WITH RATES IN MANY DEVELOPING COUNTRIES EVEN HIGHER. WE MUST ALL WORK TOWARDS REDUCING INFLATIONARY PRESSURES IN ORDER TO OBTAIN MAXIMUM SOLID SUSTAINABLE GROWTH.

ANOTHER MAJOR CHALLENGE BEFORE US IS TO BUILD A BETTER AND MORE COOPERATIVE INTERNATIONAL ECONOMIC SYSTEM. THE UNITED STATES IS COMMITTED TO FOSTERING A CLIMATE OF CONSTRUCTIVE COOPERATION AND DIALOGUE THAT BRINGS HOPE, EQUAL OPPORTUNITY AND FULL PROSPECTS FOR SELF-BETTERMENT TO ALL THE PEOPLES OF AFRICA. TO THIS END, WE HAVE ALREADY UNDERTAKEN SPECIFIC MEASURES DESIGNED TO ADDRESS THE BASIC NEEDS AND ASPIRATIONS OF THE DEVELOPING COUNTRIES. WE ARE ALSO LOOKING AT ADDITIONAL WAYS TO CREATE AN ENDURING INTERNATIONAL STRUCTURE OF COOPERATION SO THAT THE QUALITY OF LIFE ON THIS PLANET

CAN BE IMPROVED FOR ALL.

THE ASPIRATIONS OF THE DEVELOPING COUNTRIES FOR A CHANGE IN BASIC ECONOMIC RELATIONSHIPS WITH THE UNITED STATES AND OTHER INDUSTRIALIZED COUNTRIES IS UNDERSTANDABLE. THE HEALTH OF THE WORLD ECONOMY TODAY MUST BE MEASURED IN TERMS OF ECONOMIC COOPERATION BETWEEN DEVELOPED AND DEVELOPING COUNTRIES FOR OUR FORTUNES AND FUTURE ARE LINKED AS NEVER BEFORE. BOTH OF OUR INTERESTS DICTATE COMPROMISE; A COMPROMISE, I SUGGEST, THAT COULD INCLUDE ELEMENTS SUCH AS COMMODITY AGREEMENTS TO DAMPEN EXCESS PRICE FLUCTUATIONS FOR PRODUCERS OF RAW MATERIALS, AND ARRANGEMENTS THAT PROMOTE DIRECT TRANSFERS OF RESOURCES FROM THE INDUSTRIALIZED COUNTRIES TO THE POORER DEVELOPING COUNTRIES.

BELIEVING THAT TRADE AND INVESTMENT ARE THE ENGINES
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OF DEVELOPMENT FOR THIRD WORLD COUNTRIES, THE UNITED STATES HAS TAKEN THE INITIATIVE TO PROPOSE IMPROVEMENTS IN THE INTERNATIONAL ECONOMIC SYSTEM IN THESE AREAS. MANY OF THESE PROPOSALS HAVE BEEN BROUGHT TO FRUITION THROUGH THE JOINT EFFORTS OF THE DEVELOPED AND THE DEVELOPING NATIONS.

THE UNITED STATES REMAINS COMMITTED TO AN OPEN INTERNATIONAL TRADING SYSTEM. IN THE CURRENT MULTILATERAL TRADE NEGOTIATIONS IN GENEVA, WE HAVE OFFERED SUBSTANTIAL TRADE CONCESSIONS ON GOODS OF PRIMARY INTEREST TO THE DEVELOPING COUNTRIES. THE UNITED STATES WILL CONTINUE TO PRESS FOR SIGNIFICANT PROGRESS IN THE MTN IN 1977. IN ACCORDANCE WITH THE TOKYO DECLARATION, WE ARE ALSO EXAMINING WAYS TO PROVIDE ADDITIONAL CONSIDERATION TO THE SPECIAL NEEDS OF DEVELOPING COUNTRIES.

THE UNITED STATES IS WILLING TO CONSIDER, WITH A POSITIVE AND OPEN ATTITUDE, THE NEGOTIATION OF AGREEMENTS TO STABILIZE COMMODITY PRICES, INCLUDING THE ESTABLISHMENT OF A COMMON FUNDING ARRANGEMENT FOR FINANCING BUFFER STOCKS WHERE THEY ARE A PART OF INDIVIDUAL, NEGOTIATED AGREEMENTS.

FOREIGN ASSISTANCE IS THE OTHER KEY ASPECT IN U.S. RELATIONS WITH THE DEVELOPING COUNTRIES. WE RECOGNIZE THAT THE FUTURE OF THE INTERNATIONAL COMMUNITY WILL BE AFFECTED BY THE ABILITY OF DEVELOPING NATIONS TO OVERCOME POVERTY, ACHIEVE HEALTHY GROWTH, AND PROVIDE MORE SECURE LIVES FOR THEIR PEOPLE.

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O 031120Z MAY 77
FM AMEMBASSY PORT LOUIS
TO SECSTATE WASHDC IMMEDIATE 6679

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THE UNITED STATES BELIEVES THAT THE INTERNATIONAL
DEVELOPMENT BANKS ARE AN ESPECIALLY USEFUL VEHICLE
FOR COMINGING THE EFFORTS, KNOWLEDGE, AND RESOURCES OF
MANY COUNTRIES TO HELP POORER COUNTRIES OVERCOME THE
PROBLEMS OF HUNGER, DISEASE, AND ILLITERACY AND TO DEVELOP
THE VAST POTENTIAL OF THE AFRICAN CONTINENT. WE ARE
CONVINCED THAT CHANNELING AID FLOWS THROUGH THE
INTERNATIONAL DEVELOPMENT BANKS IS A WISE INVESTMENT.
THE INTERNATIONAL DEVELOPMENT LENDING INSTITUTIONS HAVE
HIGHLY PROFESSIONAL STAFFS THAT KNOW HOW TO GET THE JOB
OF DEVELOPMENT DONE. THEY HAVE DEMONSTRATED THEIR
EFFECTIVENESS IN OVER A HUNDRED COUNTRIES. ONE REASON
FOR THIS EFFECTIVENESS IS THAT THESE INSTITUTIONS CAN--
AND DO-- INSIST ON SOUND PROJECTS AND PROGRAMS IN THE
RECIPIENT COUNTRIES. FINALLY, THEY ENABLE MANY DONORS TO
POOL THEIR EFFORTS, THEREBY INCREASING THE AMOUNT OF
LOANABLE FUNDS AVAILABLE FOR DEVELOPMENT.

LET ME ADD THAT MY GOVERNMENT ALSO BELIEVES THAT THE
GOALS AND PURPOSES OF THE INTERNATIONAL BANKS ENCOMPASS
A BROAD RANGE OF FUNDAMENTAL CONCERNS, INCLUDING
ADVANCEMENT OF BASIC HUMAN RIGHTS, AS WELL AS FREEDOM
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FROM ECONOMIC PRIVATION AND WANT. ON BEHALF OF MY

GOVERNMENT, I WOULD EXPRESS THE HOPE THAT OTHER MEMBERS OF THE AFRICAN DEVELOPMENT FUND WOULD JOIN HANDS WITH THE UNITED STATES IN EXPLORING WAYS TO GIVE EFFECT TO THAT VIEW. LET ME TURN NOW TO A REVIEW OF RECENT U.S. ACTIVITIES REGARDING THE INTERNATIONAL DEVELOPMENT BANKS THAT HAVE, OR WILL, AFFECT AFRICA GREATLY IN THE NEAR FUTURE.

LESS THAN TWO MONTHS AGO THE UNITED STATES AND OTHER DONOR COUNTRIES AGREED TO A MAJOR REPLENISHMENT OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION, OR IDA, WHICH WILL PROVIDE 7.6 BILLION DOLLARS TO IDA'S DEVELOPING COUNTRY MEMBERS DURING THE PERIOD JULY 1977 THROUGH JUNE 1980. THE U.S. SHARE OF THIS REPLENISHMENT IS 2.4 BILLION DOLLARS. AFRICA HAS BEEN RECEIVING OVER A THIRD OF IDA FUNDS IN RECENT YEARS. THERE IS A GOOD CHANCE THAT THIS PERCENTAGE COULD INCREASE SOMEWHAT IN THE IDA V PERIOD. THUS THE POOREST COUNTRIES IN AFRICA CAN EXPECT TO RECEIVE SOMEWHERE BETWEEN 2 AND 1/2 AND 3 BILLION DOLLARS IN NEW LENDING FROM IDA DURING THIS PERIOD.

THE WORLD BANK, WHICH ALSO LENDS TO AFRICA, HAS ALSO HAD A REPLENISHMENT RECENTLY. UNDER THE TERMS OF THE CAPITAL INCREASE NEGOTIATED IN MAY 1976, THE BANK'S RESOURCES WILL BE INCREASED BY A FURTHER 8.3 BILLION DOLLARS. THE U.S. SHARE OF THIS CAPITAL INCREASE IS 1.6 BILLION DOLLARS, OR 19 PERCENT OF THE TOTAL; THESE FUNDS WILL BE MADE AVAILABLE TO THE BANK OVER THE THREE YEAR PERIOD 1978-80. IN RECENT YEARS THE WORLD BANK HAS LENT ALMOST 25 PERCENT OF ITS FUNDS TO AFRICA. THUS THE CAPITAL INCREASE TO THE BANK SHOULD PROVIDE AN ADDITIONAL 2 BILLION DOLLARS OR SO FOR AFRICAN DEVELOPMENT DURING THE NEXT FEW YEARS.

LET ME NOW TURN TO THE U.S. ROLE IN THE AFRICAN DEVELOPMENT FUND. THE UNITED STATES JOINED THE FUND ON NOVEMBER 18, 1976 WITH A \$15 MILLION CONTRIBUTION. SINCE UNCLASSIFIED

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THAT DATE, THE UNITED STATES HAS NOTED WITH ADMIRATION THE DEDICATED WORK OF PRESIDENT FORD AND HIS STAFF IN SUPPORT OF THE ACTIVITIES OF THE AFRICAN DEVELOPMENT FUND. FURTHERMORE, WE SHARE MUCH OF PRESIDENT FORD'S ELOQUENT "VISION FOR AFRICA."

BUT FAITH AND RESPECT FOR AN INSTITUTION AND ITS LEADERSHIP IS NOT ENOUGH. THE CARTER ADMINISTRATION BELIEVES A TANGIBLE EXPRESSION OF SOLIDARITY IS REQUIRED. THE CARTER ADMINISTRATION HAS THEREFORE REQUESTED THE APPROPRIATION OF \$10 MILLION FOR THE FUND IN OUR CURRENT BUDGET. WE EXPECT TO BE ABLE TO TAKE THIS SECOND STEP IN OUR GROWING RELATIONSHIP WITH THE FUND BEFORE THE END OF 1977.

FINALLY, ALTHOUGH THE UNITED STATES WAS LATE IN JOINING THE AFRICAN DEVELOPMENT FUND WE HOPE TO USE THE FORTHCOMING SECOND REPLENISHMENT OF FUND RESOURCES TO CATCH UP AND ASSUME AN APPROPRIATE U.S. ROLE IN THE FUNDING OF THE INSTITUTION. BEFORE FUND MANAGEMENT PROCEEDS WITH NEGOTIATIONS FOR A SECOND REPLENISHMENT OF FUND RESOURCES IT HAS VERY WISELY CHOSEN TO CARRY OUT A REVIEW OF THE FUND'S ACTIVITIES TO DATE. I UNDERSTAND THAT MEMBERS OF A REVIEW COMMITTEE HAVE ALREADY BEEN NOMINATED BY FUND MANAGEMENT AND THAT THE COMMITTEE EXPECTS TO BEGIN ITS DELIBERATIONS IN JULY. WITHOUT SACRIFICING THOROUGHNESS, I HOPE THAT THE COMMITTEE CAN CARRY OUT ITS DELIBERATIONS EXPEDITIOUSLY SO THAT FORMAL NEGOTIATIONS FOR A REPLENISHMENT OF THE FUND'S RESOURCES CAN BE COMMENCED AND FINAL AGREEMENT REACHED WELL BEFORE THE BEGINNING OF THE REPLENISHMENT PERIOD IN JANUARY 1979. AS FAR AS THE UNITED STATES IS CONCERNED, THE CARTER ADMINISTRATION HOPES TO BE ABLE TO SUBMIT A BUDGET REQUEST FOR OUR FISCAL YEAR 1979 FOR AN ADDITIONAL U.S. CONTRIBUTION TO THE AFRICAN DEVELOPMENT FUND.

THE HOUSE OF REPRESENTATIVES OF THE U.S. CONGRESS RECENTLY TOOK A MAJOR INITIATIVE TO SEEK PASSAGE OF UNCLASSIFIED

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LEGISLATION WHICH WOULD AUTHORIZE ADDITIONAL U.S. CONTRIBUTIONS TO THE AFRICAN DEVELOPMENT FUND IN FY 1979. WE EXPECT THE SENATE TO TAKE SIMILAR ACTION.

MR. CHAIRMAN, DISTINGUISHED DELEGATES, THE ADMINISTRATION SUPPORTS THIS ACTION OF THE CONGRESS TO SEEK AN INCREASED U.S. CONTRIBUTION TO THE FUND--A KEY INSTITUTION IN AFRICAN DEVELOPMENT. IT REFLECTS THE DETERMINATION OF THE AMERICAN PEOPLE TO SUPPORT AFRICAN ASPIRATIONS FOR A BETTER MATERIAL LIFE AND A FAIR SHARE IN THE INTERNATIONAL ECONOMIC SYSTEM. WE ARE PROUD TO BE ASSOCIATED WITH THE AFRICAN DEVELOPMENT FUND. WE LOOK FORWARD TO MANY YEARS OF FRUITFUL COOPERATION WITH THE FUND FOR THE SAKE OF AFRICAN ECONOMIC AND SOCIAL DEVELOPMENT. THANK YOU. END TEXT. KEELEY

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